

VILLAGE OF MECOSTA
MECOSTA COUNTY, MICHIGAN
AUDIT REPORT
MARCH 31, 2008

Auditing Procedures Report V1.04

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Issued under Public Act 2 of 1968, as amended.

Unit Name	Village of Mecosta	County	MECOSTA	Type	VILLAGE	MuniCode	
Opinion Date-Use Calendar	July 9, 2008	Audit Submitted-Use Calendar	July 30, 2008	Fiscal Year-Use Drop List		2008	

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

<input checked="" type="checkbox"/>	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/>	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input type="checkbox"/>	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/>	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/>	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/>	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/>	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/>	8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/>	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/>	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)
<input checked="" type="checkbox"/>	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/>	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/>	13. Is the audit opinion unqualified?
	14. If not, what type of opinion is it? <input type="text" value="NA"/>
<input checked="" type="checkbox"/>	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/>	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/>	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input type="checkbox"/>	18. Are there reported deficiencies?
<input type="checkbox"/>	19. If so, was it attached to the audit report?

General Fund Revenue:	\$ 81,419.00
General Fund Expenditure:	\$ 66,994.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	\$ 199,436.00
Governmental Activities Long-Term Debt (see instructions):	

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

CPA (First Name)	Terry	Last Name	Kirkpatrick	Ten Digit License Number	1101018035
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Independent Auditor's Report

To the Village Council of the
Village of Mecosta, Mecosta County, Michigan:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Mecosta, Mecosta County, Michigan, as of and for the year ended March 31, 2008, which collectively comprise Village of Mecosta's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Village of Mecosta, Mecosta County, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Village of Mecosta, Mecosta County, Michigan, as of March 31, 2008, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Village of Mecosta, Michigan's basic financial statements. The introductory section, combining and individual non-major fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The management's discussion and analysis and budgetary comparison information on pages 2 through 4 and pages 17, 18 and 19, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

 Terry Kirkpatrick CPA, P.C.

Big Rapids, Michigan
July 9, 2008

Village of Mecosta – Mecosta County, Michigan

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of Village of Mecosta, as a whole, and present a longer-term view of the Village's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide financial statements.

The Village as a Whole

The Village's net assets increased slightly during the year. In a condensed format, the table below shows the net assets as of the current date:

	<u>2008</u>
Current Assets	\$ 535,481
Non-current Assets	46,252
Total assets	<u>\$ 581,733</u>
 Total Liabilities	 \$ 6,092
Net Assets	
Invested in Capital Assets	46,252
Restricted for Roads	329,953
Unrestricted	199,436
Total net assets	<u>575,641</u>
 Total liabilities and net assets	 <u>\$ 581,733</u>

The following table shows the changes of the net assets as of the current date:

	<u>2008</u>
General Revenues	
Property Taxes	\$ 32,502
State Grants	84,592
Charges for Services	205
Interest Earnings and Rent	18,359
Other Revenue	2,296
Total revenues	<u>137,954</u>
Program Expenses	
General Government	\$ 44,051
Public Safety	4,267
Public Works	40,363
Cultural and Recreational	3,990
Other Functions	5,693
Depreciation	1,586
Total expenses	<u>99,950</u>
Change in Net Assets	<u><u>\$ 38,004</u></u>

The Village's Funds

Our analysis of the Village's major funds begins on page 7, following the entity-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Village as a whole. The Village Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The Village's major funds include the General Fund and the Major and Local Street Funds.

The General Fund pays for most of the Village's governmental services, which are partially supported by an operating tax millage and State revenue sharing. The Street Funds are financed primarily by state gas tax.

General Fund Budgetary Highlights

Village of Mecosta did not amend the General Fund budget during the year as various events occurred, however the expenditure portion of the budget should have been amended.

Capital Asset and Debt Administration

At the end of the fiscal year, the Village had \$63,440 invested in a broad range of capital assets including buildings and equipment. In addition, the Village has invested significantly in roads within the Village. These assets are not reported in the Village's financial statements because of Michigan law, which makes these roads the property of the Mecosta County Road Commission (along with the responsibility to maintain them).

Economic Factors and Next Year's Budgets and Rates

The Village budget for the next fiscal year will be similar to this past years' budget. State revenue sharing has shown declines in recent years and may be so again for the next year.

Contacting the Village's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office.

BASIC FINANCIAL STATEMENTS

VILLAGE OF MECOSTA – Mecosta County, Michigan

Government Wide Statement of Net Assets

March 31, 2008

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Cash and Cash Equivalents	\$ 530,093
Delinquent Personal Tax	94
Due from State of Michigan	5,294
Capital Assets - Net of Depreciation	46,252
Total assets	<u>\$ 581,733</u>
LIABILITIES	
Payroll Taxes Payable	\$ 6,092
NET ASSETS	
Invested in Capital Assets- Net of Debt	46,252
Unrestricted	<u>529,389</u>
Total net assets	<u>575,641</u>
Total liabilities and net assets	<u>\$ 581,733</u>

The "Notes to Financial Statements" are an integral part of these statements.

VILLAGE OF MECOSTA – Mecosta County, Michigan
Government Wide Statement of Activities
For the Year Ended March 31, 2008

		Governmental Activities			
		Program Revenues		Net (Expense)	
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Assets	
	<u>Expenses</u>				
PRIMARY GOVERNMENT					
Governmental Activities:					
General Government	\$ 44,051	\$ 0	\$ 0	\$ (44,051)	
Public Safety	4,267	0	0	(4,267)	
Public Works	40,363	0	0	(40,363)	
Cultural and Recreation	3,990	0	0	(3,990)	
Other Functions	5,693	0	0	(5,693)	
Depreciation (unallocated)	1,586	0	0	(1,586)	
Total governmental activities	\$ 99,950	\$ 0	\$ 0	\$ (99,950)	
General Revenues					
Property Tax					32,502
State Shared Revenue					84,592
Charges for Services					205
Interest and Dividends					18,359
Other Revenue					2,296
Total general revenues					137,954
Change in Net Assets					38,004
Net assets - April 1, 2007					537,637
Net assets - March 31, 2008					\$ 575,641

The "Notes to Financial Statements" are an integral part of these statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

VILLAGE OF MECOSTA – Mecosta County, Michigan
Governmental Fund Balance Sheet
March 31, 2008

	General Fund	Major Street Fund	Local Street Fund	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 198,076	\$ 196,962	\$ 135,055	\$ 530,093
Delinquent Personal Tax	94	0	0	94
Due from State of Michigan	5,294	0	0	5,294
Total assets	\$ 203,464	\$ 196,962	\$ 135,055	\$ 535,481
LIABILITIES AND FUND EQUITY				
Payroll Taxes and Pension Payable	\$ 4,028	\$ 1,436	\$ 628	\$ 6,092
Fund Balance - Unreserved and Undesignated	199,436	195,526	134,427	529,389
Total liabilities and fund equity	\$ 203,464	\$ 196,962	\$ 135,055	\$ 535,481
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets				
Total Governmental Fund Balances				\$ 529,389
Amounts reported for governmental activities in the statement of net assets are different because:				
Cost of capital assets, net of depreciation				46,252
Net assets of governmental activities				\$ 575,641

The "Notes to Financial Statements" are an integral part of these statements.

VILLAGE OF MECOSTA – Mecosta County, Michigan
 Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance
 For the Year Ended March 31, 2008

	General Fund	Major Street Fund	Local Street Fund	Total Governmental Funds
REVENUES				
Property Tax	\$ 32,502	\$ 0	\$ 0	\$ 32,502
State Grants	39,527	28,295	16,770	84,592
Charges for Services	205	0	0	205
Interest and Dividends	6,889	6,920	4,550	18,359
Other Revenue	2,296	0	0	2,296
Total revenues	81,419	35,215	21,320	137,954
EXPENDITURES				
General Government	44,051	0	0	44,051
Public Safety	4,267	0	0	4,267
Public Works	8,993	23,998	7,372	40,363
Culture and Recreation	3,990	0	0	3,990
Other Functions	5,693	0	0	5,693
Total expenditures	66,994	23,998	7,372	98,364
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	14,425	11,217	13,948	39,590
OTHER FINANCING SOURCES (USES)				
Transfers In	1,206	0	0	1,206
Transfers Out	0	(695)	(511)	(1,206)
Total other financing sources (uses)	1,206	(695)	(511)	0
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	15,631	10,522	13,437	39,590
Fund Balance - April 1, 2007	183,805	185,004	120,990	489,799
Fund Balance - March 31, 2008	\$ 199,436	\$ 195,526	\$ 134,427	\$ 529,389

The "Notes to Financial Statements" are an integral part of these statements.

VILLAGE OF MECOSTA – Mecosta County, Michigan

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Year Ended March 31, 2008

Net Change in Fund Balances - Total Government Funds	\$ 39,590
Amounts reported for governmental activities in the statement of activities are different because:	
Depreciation expense	<u>(1,586)</u>
Change in Net Assets of Governmental Activities	<u>\$ 38,004</u>

The "Notes to Financial Statements" are an integral part of these statements.

PROPRIETARY FUND FINANCIAL STATEMENTS

VILLAGE OF MECOSTA – Mecosta County, Michigan**Proprietary Fund Statement of Net Assets****March 31, 2008**

	<u>Internal Service Fund</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 24,850
Non-current Assets	
Capital assets (Net of depreciation)	9,987
Total assets	<u>\$ 34,837</u>
NET ASSETS	
Invested in Capital Assets - Net of Debt	\$ 9,987
Unrestricted	24,850
Total net assets	<u>\$ 34,837</u>

The "Notes to Financial Statements" are an integral part of these statements.

VILLAGE OF MECOSTA – Mecosta County, Michigan
Proprietary Fund Statement of Revenue, Expenses and Changes in Net Assets
For the Year Ended March 31, 2008

	Internal Service Fund
Operating Revenues	
Equipment rental	\$ 8,428
Operating Expenses	
Depreciation	<u>7,216</u>
Operating Income (Loss)	1,212
Non-Operating Revenues (Expenses)	
Interest Revenue	<u>571</u>
Change in Net Assets	1,783
Total Net Assets- April 1, 2007	<u>33,054</u>
Total Net Assets- March 31, 2008	<u><u>\$ 34,837</u></u>

The "Notes to Financial Statements" are an integral part of these statements.

VILLAGE OF MECOSTA – Mecosta County, Michigan

Proprietary Fund Statement of Cash Flows

For the Year Ended March 31, 2008

	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Internal Activity- Receipts from Other Funds	\$ 8,428
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Dividends	571
Net increase (decrease) in cash and cash equivalents	8,999
Balances- April 1, 2007	15,851
Balances- March 31, 2008	\$ 24,850
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 1,783
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation expense	7,216
Net Cash Provided (Used) by Operating Activities	\$ 8,999

The "Notes to Financial Statements" are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

VILLAGE OF MECOSTA – Mecosta County, Michigan

Notes to Financial Statements
For the Year Ended March 31, 2008

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Village of Mecosta conform to accounting policies generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Village of Mecosta:

Reporting Entity

The Village is governed by an elected, five-member, Council. The accompanying financial statements present the government and its component units; entities for which the government is considered to be financially accountable. Based on the application of the criteria, the Village does not contain any component units.

Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Based Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be "available" if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes – Village of Mecosta's property tax is levied on each December 1st on the taxable valuation of property located within Village of Mecosta as of the preceding December 31st.

VILLAGE OF MECOSTA – Mecosta County, Michigan

Notes to Financial Statements - Continued
For the Year Ended March 31, 2008

Although the Village of Mecosta 2007 ad valorem tax is levied and collectible on July 1, 2007, it is Village of Mecosta's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations.

The 2007 taxable valuation of Village of Mecosta totaled approximately \$5,399,000, on which ad valorem taxes levied consisted of 6.0 mills for the Village operating purposes. These amounts are recognized in the respective General Fund financial statements as delinquent personal tax and/or as a tax revenue.

The Village reports the following major governmental funds:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the Village, except those required to be accounted-for in another fund.

The Major and Local Street Funds account for activities of the street improvements.

Additionally, the Village reports the following non-major fund types:

The Village reports a Revolving Equipment Fund. This fund accounts for equipment rental to various Village funds.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Assets, Liabilities and Net Assets or Equity

Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1st and are considered delinquent on October 1st, at which time interest and penalties are assessed.

Capital Assets – Capital assets, which include property, plant and equipment assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 years
Vehicles	3 years to 10 years
Equipment	5 years to 10 years

VILLAGE OF MECOSTA – Mecosta County, Michigan

Notes to Financial Statements - Continued
For the Year Ended March 31, 2008

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental units. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, activity and line items. The legal level of budgetary control adopted by the governing body is the activity level. State law requires the Village have its budget in place by April 1st. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits a Village to amend its budgets during the year.

NOTE C – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, which have an office in Michigan. The Village is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Village has designated two banks for the deposit of Village funds. The investment policy adopted by the Village Council in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

The Village's deposits and investment policy are in accordance with statutory authority.

At year-end, the Village's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 554,943

The bank balance of the primary government's deposits is \$557,649, of which \$100,000 is covered by federal depository insurance.

NOTE D – RECEIVABLES

Receivables as of year-end for the government's individual major and non-major funds are as follows:

	General
Personal Tax Delinquent	\$ 94
Due from State of Michigan	5,294

VILLAGE OF MECOSTA – Mecosta County, Michigan

Notes to Financial Statements - Continued
For the Year Ended March 31, 2008

NOTE E – CAPITAL ASSETS

Capital asset activity of the governmental activities for the current year was as follows:

	4/1/07 Beginning Balance	Increases	Decreases	3/31/08 Ending Balance
Capital assets being depreciated				
Buildings	\$ 63,440	\$ 0	\$ 0	\$ 63,440
Less Accumulated depreciation for Capital assets	(15,602)	(1,586)	(0)	(17,188)
Net capital assets	<u>\$ 47,838</u>	<u>\$ (1,586)</u>	<u>\$ 0</u>	<u>\$ 46,252</u>

Depreciation expense was not charged to activities as the Village considers its assets to impact multiple activities and allocation is not practical.

NOTE F – RISK MANAGEMENT

The Village is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The Village has purchased workers' compensation insurance for such claims. Settled claims relating to the workers' compensation insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF MECOSTA – Mecosta County, Michigan

Budgetary Comparison Schedule

General Fund

For the Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
BEGINNING OF YEAR FUND BALANCE	\$ 183,805	\$ 183,805	\$ 183,805	\$ 0
Resources (inflows)				
Property Taxes	30,000	30,000	32,502	2,502
State Grants	30,000	30,000	39,527	9,527
Charges for Services	1,000	1,000	205	(795)
Interest and Dividends	5,000	5,000	6,889	1,889
Other Revenue	3,500	3,500	2,296	(1,204)
Transfer from Major Street Fund	2,400	2,400	695	(1,705)
Transfer from Local Street Fund	1,600	1,600	511	(1,089)
Amounts Available for Appropriation	257,305	257,305	266,430	9,125
Charges to Appropriations (outflows)				
General Government				
Village Council	17,000	17,000	9,434	7,566
President	1,500	1,500	1,500	0
Elections	100	100	1,695	(1,595)
Clerk	6,200	6,200	5,693	507
Treasurer	2,500	2,500	2,566	(66)
Village Hall	7,000	7,000	10,671	(3,671)
Airport	4,000	4,000	4,485	(485)
Cemetery	5,000	5,000	8,007	(3,007)
Public Safety				
Planning and zoning	3,000	3,000	4,267	(1,267)
Public Works				
Street lighting	8,200	8,200	8,993	(793)
Culture and Recreation				
Parks	5,000	5,000	3,990	1,010
Other Functions				
Insurance and Bonds	5,000	5,000	3,279	1,721
Social security/ medicare tax	7,000	7,000	1,142	5,858
Retirement	2,000	2,000	1,272	728
Total Charges to Appropriations	73,500	73,500	66,994	6,506
Budgetary Fund Balance - March 31, 2006	\$ 183,805	\$ 183,805	\$ 199,436	\$ 15,631

VILLAGE OF MECOSTA – Mecosta County, Michigan
 Budgetary Comparison Schedule
 Major Street Fund
 For the Year Ended March 31, 2008

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
BEGINNING OF YEAR FUND BALANCE	\$ 185,004	\$ 185,004	\$ 185,004	\$ 0
Resources (inflows)				
State Grants	27,000	27,000	28,295	1,295
Interest and Dividends	5,000	5,000	6,920	1,920
Amounts Available for Appropriation	217,004	217,004	220,219	3,215
Charges to Appropriations (outflows)				
Public Works				
Highways, Streets, and Bridges	29,000	29,000	23,998	5,002
Transfer to General Fund	3,000	3,000	695	2,305
BUDGETARY FUND BALANCE - March 31, 2008	<u>\$ 185,004</u>	<u>\$ 185,004</u>	<u>\$ 195,526</u>	<u>\$ 10,522</u>

VILLAGE OF MECOSTA – Mecosta County, Michigan**Budgetary Comparison Schedule****Local Street Fund****For the Year Ended March 31, 2008**

	Original Budget	Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
BEGINNING OF YEAR FUND BALANCE	\$ 120,990	\$ 120,990	\$ 120,990	\$ 0
Resources (inflows)				
State Grants	15,000	15,000	16,770	1,770
Interest Earnings	4,000	4,000	4,550	550
Amounts Available for Appropriation	139,990	139,990	142,310	2,320
Charges to Appropriations (outflows)				
Public Works				
Highways, Streets, & Bridges	17,000	17,000	7,372	9,628
Transfer to General Fund	2,000	2,000	511	1,489
BUDGETARY FUND BALANCE - March 31, 2008	\$ 120,990	\$ 120,990	\$ 134,427	\$ 13,437

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July 9, 2008

Members of Village of Mecosta Council
Mecosta County, Michigan

I have recently completed my audit of the basic financial statements of Village of Mecosta for its year ended March 31, 2008. During this audit, I had an opportunity to observe accounting and financial procedures and many of your general management practices. As a result of my auditing procedures, there are some comments and/or recommendations I would like to present.

BUDGET AMENDMENTS

Looking at page # 17 in the audit report for the budgetary comparison schedule of the general fund you will see several numbers shown in brackets in the fourth column. These brackets indicate that the expenditures for that particular activity exceeded the amount budgeted. The law requires that before the governmental unit incurs an expenditure that will exceed the budgeted amount for that activity, it must amend the budget to cover the expense. For that reason, it is important for the Village Council to closely monitor the expenditures of the Village and the adopted budget.

GOOD JOB OF MAINTAINING FINANCIAL RECORDS

The Village Clerk and Treasurer appear to have done a good job maintaining the financial records of the Village of Mecosta for the past year. Keep an eye on the budgets and keep up the good work.

OTHER MATTERS

I want to thank your personnel for the courtesy and cooperation shown me by them during the audit process.

I have mailed two copies of the audit report and this letter to the Michigan Department of Treasury.

You have been given the completed copy of the Form F-65, which the Clerk must sign and mail to the Michigan Department of Treasury.

If you have any questions regarding the above or the audit, please contact me.

Terry Kirkpatrick, CPA, P.C.